

Kentucky Energy and Environment Cabinet

Tennessee Valley Authority Clean Air Act Settlement Grant Program

Application Manual

Prepared by:

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Energy and Environment Cabinet Tennessee Valley Authority Clean Air Act Settlement Grant Program Application Manual

1. Overview

In 2011, Kentucky and other states were parties to a federal court settlement of an enforcement action under the federal Clean Air Act that resulted in a Consent Decree with the Tennessee Valley Authority (TVA). A part of the Consent Decree obligated TVA to provide Kentucky \$11.2 million to fund environmental mitigation projects. The Energy and Environment Cabinet (the Cabinet) was designated by the Governor as the lead agency to develop and manage the process for selection and implementation of the environmental mitigation projects for Kentucky. For more information about the settlement and to view the Consent Decree, visit

<http://www.epa.gov/compliance/resources/decrees/civil/caa/tvacoal-fired-cd.pdf>

In 2012, the Cabinet received applications and awarded projects totaling the entire \$11.2 million. However, not all projects used the entirety of the awarded amounts during the specified agreement periods. The Cabinet is therefore soliciting additional applications for the remainder of the funding -- \$1.6 million.

The Cabinet seeks a variety of applications involving renewable and efficient energy initiatives and technologies. Following is a list of suggested, but not limiting, project topics that the Cabinet shall consider for funding:

- Projects to conserve energy in new and existing buildings and facilities.
- Purchase and installation of energy storage devices that support renewable energy systems for critical facilities, hospitals, military bases, prisons, universities, etc.
- Implementation of projects to improve energy efficiency or renewable energy projects at water treatment and waste water treatment plants.

2. Eligible Applicants

The Cabinet seeks applications from a broad spectrum of Kentucky organizations involved in energy management or whose business affects or is affected by energy issues. Specifically, the following types of organizations are eligible:

- Secondary and post-secondary educational institutions (public and private)
- State, local and county governments

- Critical facilities, including hospitals, military bases, prisons, universities, etc.
- Non-profit Organizations

Organizations may prepare and submit applications on behalf of client organizations (one or more). However, the client organization must include a letter of participation in the application package. The Cabinet will only enter into the Grant Contract with the client organization.

An organization may submit multiple applications if it has the capability and expertise to do so. However, only one application for each topic listed above may be submitted by a single organization.

3. Grant Program Funding

The Commonwealth of Kentucky has \$1.6 million to award projects for categories identified under Section 2.0 above. The Cabinet intends, but is not required, to select promising projects from the applications received and award the available \$1.6 million. The maximum allowable for any one grant application is \$400,000.00 and the Cabinet reserves the right to award an applicant a lesser amount than the application request. The Cabinet intends, but is not required, to award the first contracts by July 1, 2017.

4. Grant Application Timing and Delivery

Grant applications are due in the Department for Energy Development and Independence (DEDI) office not later than 4:00 p.m. Eastern Time on May 15, 2017. Applications will not be accepted after that date and time. An exception will be that mailed applications received after May 15, 2017, will be accepted if they were postmarked **prior** to May 15, 2017. The original and five (5) copies are to be mailed or delivered to:

Amanda Cook
Energy and Environment Cabinet
Department for Energy Development and Independence
300 Sower Blvd.
Frankfort, Kentucky 40601
502/564-7192
Amanda.Cook@ky.gov

Electronic or facsimile applications will not be accepted. The application package must comprise **an original and five (5) copies** of the complete application. Additionally, an electronic copy of the Detailed Budget Workbook shall be submitted to the above email address. The workbook can be found at <http://energy.ky.gov>.

5. Grant Application Form and Content

The Grant Application comprises:

- The Application Form (**Attachment 1**) which includes an Executive Summary of the project. The Executive Summary must describe the salient elements of the project's technical content and cost within a 1,200-word limit.
- A narrative for the project that describes the full technical and cost detail of the project. The project narrative should be no more than 25 pages, using Times New Roman 12 point font (excluding the executive summary). The narrative should include an estimated amount of the pollution projected or expected to be reduced by describing and quantifying the following within the project narrative:
 - The decrease in the amount of electricity (measured in kilowatt hours - kWh) or natural gas (measured in therms) used to perform heating and cooling on an annual basis or the amount of non-renewable energy offset by the production of renewable energy.
 - Emissions reduced using the following emissions calculator:
<http://www.epa.gov/cleanenergy/energy-and-you/how-clean.html>
 - If emissions reductions are from mechanisms other than reduction in the use of electricity, provide a calculation to determine emissions reduction.
 - If renewable energy equipment is installed, provide calculations for determining the amount of electricity storage capacity and performance and describe any assumptions used.
- A discussion of the leveraged or matching funding that will be employed with the Cabinet's funds to implement the project. This discussion is a section within the narrative, but is not included in the 25-page narrative limit. The Cabinet uses the term "leverage funds" in the same context as matching funds, and for purposes of this application only cash contributions or monetized donations of goods will be considered. A letter of commitment shall evidence cash contributions or monetized donations of goods.
- A completed Budget (**Attachment 2**). Each item of the budget form is to be addressed; marked with zero if not applicable. Additionally, an electronic copy of the Detailed Budget Workbook which can be found at <http://energy.ky.gov> shall be submitted to Amanda.Cook@ky.gov.
- Each applicant is responsible for submitting all relevant, factual and correct information with the application to enable the evaluator(s) to afford each applicant the maximum score based on the available data submitted by the applicant.

6. Evaluation and Scoring of Grant applications

The Cabinet will conduct a comprehensive, fair and impartial evaluation of all applications and score the applications based on the following factors:

- Strength of the submittal in meeting the objectives of the application criteria based on the Consent Decree (50 points) with consideration being given to the following:
 - Demonstration of projected emission reductions including greenhouse gas emissions, SO₂, NO_x, PM)
 - Energy reduction through energy efficiency measures
 - Storage of generated renewable energy
- Qualifications, Experience, Capabilities, and Scheduling (25 points)
 - Relevant experience with the technology or process;
 - Strength of team assembled for project (including commitment of key participants) as evidenced by letters of commitment or support; and
 - Schedule, milestones, and deliverables of project.
- Ability to leverage (match) funding to enhance overall project objectives (up to 15 points)
 - Funds leveraged as a percentage of project are scaled from zero points (zero match) to 15 points (match equal to or greater than 100% of funds requested) The table in Attachment 3 reflects how points will be prorated in relationship to the percent of leverage.
 - For purposes of evaluating and scoring the applications, only cash contributions and monetized donations of goods will be considered as leverage (match).
- Reasonableness and clarity of budget -- A budget, using at a minimum the budget categories listed in Attachment 2, must be provided. Justification for each expense category shall be provided in the Detail Budget Workbook. Project budget will be evaluated and scored for reasonableness by comparing cost vs. benefits of the overall application (10 points).

EVALUATION CRITERIA	POINTS POSSIBLE
Strength of Project in Meeting Application Objectives	50 Points
Qualifications, Experience, Capabilities & Scheduling	25 Points
Ability to Leverage Funding	15 Points
Reasonableness & Clarity of Budget	10 Points
TOTAL POINTS POSSIBLE	100 POINTS

7. Grant Application Evaluation Process

After the close date for applications, the Cabinet will establish the review team to evaluate the applications as follows:

Each member of the evaluation team will review and score each application individually. Once that process is complete – the evaluation committee will provide those scores to the program manager who will compile those scores and average the individual scores.

These project scores will be reported to the Secretary and funding will be awarded to top-scoring applications selected by the committee according to fund limitations and the merit of the applications. Applications may be offered partial funding based on an agreed revised scope and budget between the applicant and the Cabinet.

The Cabinet will prepare a Contract with awarded applicants.

8. General Information about the Grants

The Cabinet may request additional information as may reasonably be required for selection.

Applicants are encouraged to submit written questions to Amanda Cook via email to Amanda.Cook@ky.gov. Oral questions will not be accepted at any time. The Cabinet will respond to salient questions in writing with a Questions and Answers compilation and post that document to the Cabinet's web site <http://energy.ky.gov>.

The Application Manual, Application, Budget, Detailed Budget Workbook, and Questions and Answer compilation are posted to the Cabinet's web site: <http://energy.ky.gov>.

It is the applicants' responsibility to ensure that copies of all information and forms have been obtained.

The Cabinet will not disclose any portions of the applications prior to grant award to anyone outside the Energy and Environment Cabinet, representatives of the Federal Government, if required, and the members of the evaluation committees. After a grant is awarded in whole or in part, the Cabinet may duplicate, use, or disclose all application data submitted by Applicants in response to this Grant Program as a matter of public record. Although the Cabinet recognizes the Applicant's possible interest in preserving selected data which may be part of an application, the Cabinet must treat such information as provided by the Kentucky Open Records Act, KRS 61.870 *et sequitur*.

Informational areas which normally might be considered proprietary will be limited to individual personnel data, customer references, selected financial data, formulae, and financial audits which, if disclosed, would permit an unfair advantage to competitors. If

an application contains information in these areas that an Applicant declares proprietary in nature and not available for public disclosure, the Applicant must declare the inclusion of proprietary information and noticeably label as proprietary each sheet containing such information.

The Cabinet may request additional information about any aspect of an application in order to better evaluate the project. This information request may take the form of a meeting. Any discussions of an applicant's project will pertain only to that application and not include information from or about any other application.

By signing the Application Form, the Applicant certifies that he/she along with any other officers, directors, owners, partners, employees, or agents is (are) not presently debarred, suspended, prosed for debarment, or declared ineligible for an award by any state or federal agency. This is in accordance with Federal Acquisition regulation 52.209-5.

The Cabinet may terminate and cancel this Grant Program at any time. In such a case, the Cabinet will give the Applicant 30 days written notice.

If for any reason the funds from the TVA Consent Decree become unavailable, the Cabinet may cancel the Contract and not be obliged to make any payments under the Contract after the termination date. The Cabinet will provide 30 days notice of any such termination.

All costs of the project are to be included in the Budget and the Detailed Budget Workbook and described in the Narrative section of the Application. After the Contract is executed, no additional expenses may be reimbursed. These include expenses for the applicant's fees, travel, and miscellaneous expenditures. All expense charges under the Contract must be invoiced on the Cabinet's form and must be supported by documentation and receipts. Costs may not exceed the project budget. Any re-allocation of costs within the budget must receive prior written approval from the Cabinet.

The Cabinet is not liable for social security contributions under 42 US Code, Section 418, with regard to compensation of any second party to the Grant Agreement.

Prior to the implementation of any Contract, the Applicant is required to reveal any final determination of a violation by the Applicant within the previous five years of the provisions of:

- KRS 136, relating to State sales and use tax;
- KRS 139, relating to corporate and utility tax;
- KRS 141, relating to income tax;
- KRS 337, relating to wage and hour laws;
- KRS 338, relating to occupational health and safety laws;
- KRS 341, relating to unemployment insurance laws; and
- KRS 342, relating to workers compensation insurance laws.

In addition, the Applicant must maintain continuous compliance with the provisions of those statutes which apply to the Applicant's operations. If the applicant fails to reveal a final determination as described above or fails to comply with the above statutes for the duration of the Contract, the Cabinet may cancel the grant.

Discrimination (because of race, religion, color, national origin, sex, age, or disability) is prohibited.

Applications for the grants are limited to new projects.

Projects may be multi-year in duration provided that there are annual milestones and deliverables specified within each year.

9. Restrictions on Communication with Cabinet Staff

The person named below shall be the sole point of contact throughout the application and award process. All communications (regular mail, express mail, electronic mail, or fax), concerning this application and award process must be addressed to:

Amanda Cook
Energy & Environment Cabinet
300 Sower Blvd, 3rd Floor
Frankfort, Kentucky 40601
502-564-7192
Amanda.cook@ky.gov

From the issue date of this Grant Program until Applicants are selected for award and the selection is announced, Applicants are not allowed to communicate with any Cabinet Staff concerning this Application except the Contact cited in this manual. ***For violation of this provision, the Cabinet may reject the application of the Applicant.***

10. Form of Award

Applicants whose projects are awarded funding will be required to enter into a Contract with the Cabinet. Both parties will sign the Contract as binding.

The Contract will specify terms and conditions for reporting project performance and requesting payment. Generally, payments are made on a reimbursable basis after receipt of an invoice with required documentation and a comprehensive progress report. A Cabinet staff member will be assigned to oversee the project and approve the report and invoice for accuracy and completeness. The Cabinet Project Manager will also meet with the project personnel periodically to be briefed on and discuss progress and results.

11. If funded, there are these stipulations:

Payment of project expenses takes place on a reimbursement basis. The Applicants must make payments for work actually completed and then submit required invoice documentation to the Cabinet for payment. The Cabinet will not pay project expenses for work that is performed prior to the start date in the executed Contract. Applicants must not begin work before receiving notification that the Cabinet has approved the Contract.

Grant funds may be used for indirect costs, but this is limited to 10% of the total grant award. An indirect rate shall not be charged toward contractual expenditures.

Projects may begin after the Applicant is notified by the Cabinet that the grant has been fully approved. Project start may be subject to the cash flow schedule determined by the Cabinet.

Project terms will be specified in the Contract executed by both parties. Applicants must complete projects on or before the agreed term. Requests for no-cost extensions are discouraged. However, if requested, they will be evaluated on a case-by-case basis, with final review being conducted by the Cabinet Secretary.

Attachment 1 Application Form

Attachment 2 Budget

Attachment 3 Points for Percent of Leveraged Funds